

AR81



CITADEL

Group of Funds

Citadel Diversified Investment Trust

Citadel S-1 Income Trust Fund

Citadel HYTES Fund

Citadel SMaRT Fund

MYDAS Fund

Citadel Multi-Sector Income Fund

Series S-1 Income Fund

Citadel Income & Growth Fund

Income & Equity Index Participation Fund

Energy Plus Income Trust

Citadel Stable S-1 Income Fund

Sustainable Production Energy Trust

Equal Weight Plus Fund

Citadel SMaRT Fund

ANNUAL REPORT 2005

Citadel SMaRT Fund

Citadel SMaRT Fund (the “Fund” or “Citadel SMaRT”) is a mutual fund investment trust which became listed on the Toronto Stock Exchange on September 14, 2001. The Fund has a termination date of December 31, 2013 or such earlier or later date as the unitholders may determine in accordance with the provisions of the Fund’s Declaration of Trust.

During 2005, the Fund paid monthly cash distributions of \$0.208 per unit for the first eleven months before increasing the monthly distribution to \$0.28 per unit in December 2005 for a total of \$2.568 per unit (2004 - \$5.146 per unit). In addition, Citadel SMaRT declared a special unit distribution of \$2.4191 per unit to unitholders of record on December 31, 2005, which was payable in units of the Fund. The unit distribution was immediately consolidated into the Fund’s previously issued and outstanding units, such that the effect of the unit distribution was to keep the Fund non-taxable in 2005. As a result of significant realized gains in 2005, the Fund allocated income in excess of distributions declared. The excess allocation resulted in an increase to the adjusted cost base of each unit. The 2004 distributions included a special cash distribution of \$2.65 per unit paid to unitholders of record on December 31, 2004, in addition to the regular monthly distributions.

INVESTMENT HIGHLIGHTS:

	2005	2004	2003
Net Asset Value per Unit ⁽¹⁾	\$ 36.90	\$ 31.01	\$ 30.35
Market Price per Unit ⁽¹⁾	\$ 35.50	\$ 30.30	\$ 28.36
Trading Premium (Discount)	(3.8%)	(2.3%)	(6.6%)
Cash Distributions per Unit	\$ 2.568	\$ 5.146	\$ 2.496
Trailing Yield ⁽²⁾	7.2%	17.0%	8.8%
Market Capitalization (\$ millions)	\$ 108.7	\$ 108.1	\$ 138.6

⁽¹⁾ Net asset value and market price per unit are based on year end values.

⁽²⁾ Trailing yield is based on the 12 months cash distributions declared in each year expressed as a percentage of year end market price.

Stock Symbol	CRT.un (TSX)
2005 High/Low	\$36.10 - \$28.66
2005 Cash Distributions	\$2.568 per unit
2005 Taxable % ⁽³⁾	100.0%
2005 Total Return ⁽⁴⁾	26.9%
2005 Management Expense Ratio	2.2%

⁽³⁾ Taxable percentage is based on all other taxable income, two-thirds of dividend income and one-half of capital gains expressed as a percentage of total distributions.

⁽⁴⁾ Total return is based upon the Fund’s change in market price plus the reinvestment of cash distributions in additional units of the Fund.

Management Report of Fund Performance

(April 6, 2006)

This annual report includes both the annual management report of fund performance, containing financial highlights, and the complete annual financial statements of Citadel SMaRT Fund (the "Fund" or "Citadel SMaRT").

Unitholders may contact us by calling toll-free 1-877-261-9674 or by visiting our website at www.citadelfunds.com to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

Citadel SMaRT's investment objectives are to provide its unitholders with monthly cash distributions and to return at the least the original issue price of the trust at termination of the Fund. In order to achieve these objectives, the Fund's investment manager actively manages a portfolio of oil and gas royalty trust units, combined with the capital protection of 70% of the original investment obtained through a forward sale of securities purchased with approximately 34% of the proceeds of the Fund's initial public offering.

RISK

There are a number of risks associated with an investment in Citadel SMaRT. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the net asset value of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates and interest rates and include general business operation risks, any of which may affect the issuers' income and as a result reduce distributions to its unitholders and the value of its units. Diversification and active management by the Fund's investment manager of the securities held in the portfolio may reduce these risks. The Fund's exposure to fluctuations in commodity prices and foreign currency conversion rates is also mitigated by its forward agreement which provides 70% capital protection at termination of the Fund.

RESULTS OF OPERATIONS

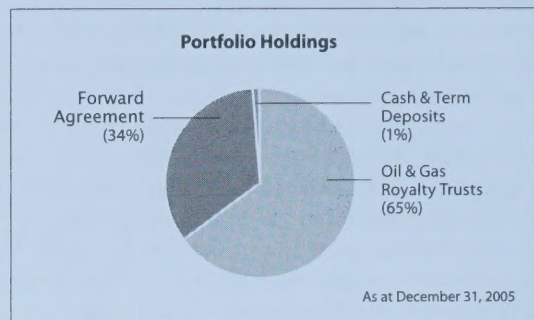
Continued high oil and gas prices boosted the Fund's net asset value per unit in 2005, closing the year at \$36.90 per unit up from \$31.01 per unit at the end of 2004. The strong portfolio valuations helped maintain total net assets at \$113.0 million at the end of 2005 up slightly from \$110.6 million at the end of 2004 as unrealized portfolio gains were primarily offset by unit repurchases and redemptions.

The market price of the Fund also increased during the year, ending 2005 at \$35.50 per unit, up from \$30.30 per unit at the end of 2004. Citadel SMaRT's unit price appreciation plus monthly cash distributions produced a 26.9% total return, while the Fund generated a 28.9% total return on a net asset value basis. By comparison, the S&P/TSX Energy Trust Index generated a 49.4% total return.

Citadel SMaRT's total revenue for 2005 was \$7.9 million compared to \$11.0 million for the previous year. The decline in revenues is due to the decreasing investment base as a result of unit redemptions and repurchases transacted by the Fund throughout 2005. Administrative and investment manager fees and trailer fees also declined in 2005 from \$1.5 million in 2004 to \$1.3 million in 2005 as they are calculated in relation to the Fund's net asset value. Trailer and service fees totaled \$0.76 million in 2005 compared to \$0.90 million in 2004 also due to the smaller net asset value. Total general and administrative costs, including other expenses, were comparable year over year at \$0.3 million. Net investment income declined to \$5.5 million or \$1.69 per unit in 2005 compared to \$8.2 million or \$1.99 per unit in 2004 due primarily to the lower revenue.

During 2005, Citadel SMaRT paid total cash distributions of \$8.4 million or \$2.568 per unit compared to \$19.7 million or \$5.146 per unit in 2004 which included a \$2.65 per unit special cash distribution declared at the end of 2004. In addition, the Fund declared a special unit distribution of \$2.4191 per unit at December 31, 2005. This unit distribution was immediately consolidated into the Fund's previously issued and outstanding units, such that the effect of the unit distribution was to keep the Fund non-taxable in 2005.

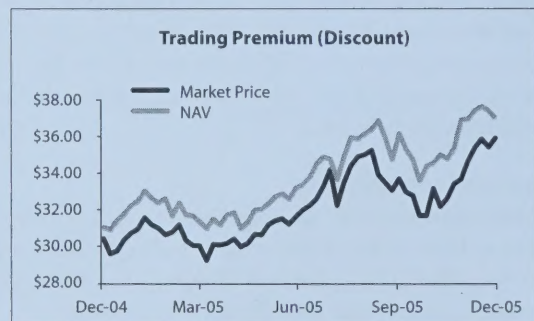
During 2005, the Fund realized significant gains of \$10.1 million on the disposition of certain royalty trusts and gains of \$11.5 million on the sale of forward securities. The change in unrealized gains on the royalty trusts of \$9.6 million was substantially offset by a loss on the forward agreement of \$9.5 million. For 2004, the realized gains on the sale of royalty trusts was \$8.1 million, the realized gain on the forward agreement was \$5.4 million and the unrealized gains on both totaled \$1.2 million. Taking into account these gains, total results of operations were \$27.3 million or \$8.33 per unit in 2005 compared to \$22.9 million or \$5.57 per unit in 2004.



The Fund's portfolio of oil and gas royalty trusts combined with the securities in the forward agreement was structured to provide unitholders units exposure to the oil and gas sector while also providing some downside protection. As a result, the Fund's performance trailed the strong performing S&P/TSX Energy Trust Index which is fully invested in the energy sector at all times.

TRADING PREMIUM / DISCOUNT TO NET ASSET VALUE

Over the past year, the Fund's market price traded at an average discount to its net asset value per unit of 4.9% compared to an average discount of 4.5% in 2004. As a result of this weakness, the Fund utilized its mandatory repurchase program to repurchase 31,400 units (2004 – 124,666 units) for cancellation at an average cost of \$33.59 per unit. Under its mandatory repurchase program, Citadel SMaRT is obligated to repurchase units offered for sale at a discount to net asset value of greater than 5%.



REDEMPTIONS AND NORMAL COURSE ISSUER BID

Unitholders of the Fund are entitled to redeem their units on January 31, April 30, July 31 and October 31 of each year for a price equal to the Fund's net asset value less \$0.80 per unit. During 2005, unitholders exercised their right to redeem on the quarterly redemption dates for a total of 473,499 units at an average cost of \$32.62 per unit compared to 1,166,084 units in 2004 at an average cost of \$30.51 per unit.

In February 2004, Citadel SMaRT implemented a normal course issuer bid, whereby the Fund could repurchase up to 448,358 units over the next twelve months. The Fund had repurchased no units in 2005 pursuant to this issuer bid and the issuer bid expired in February 2005.

RECENT DEVELOPMENTS

The current combination of a strong global economy, low inflation, high commodity prices and relatively low interest rates provide a favorable environment and a positive outlook for the income trust sector. Citadel SMaRT expects to maintain its recently increased monthly distribution rate of \$0.28 per unit (previously \$0.208 per unit) for 2006 based upon the Fund's current portfolio and analysts' estimates of distributions.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations, including the Canadian Income Tax Act, fluctuations in interest rates, commodity prices and foreign exchange, stock market volatility, and market valuations of income and royalty trusts. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of these events anticipated by the forward looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, that we will derive therefrom.

RELATED PARTY TRANSACTIONS

Citadel CPRT Management Ltd. is the administrator of Citadel SMaRT, which is a member of the Citadel Group of Funds. CIFSG Funds Inc. provides administrative services to the administrators of the Citadel Group of Funds on a cost recovery basis. All non-fund specific costs are allocated among the Citadel Group of Funds on a relative net asset value basis.

Pursuant to the administrative services agreement, administrative and investment management fees are based upon 1.1% of the average daily net asset value of the Fund, payable in cash monthly in arrears. The administrator is also reimbursed for all general and administrative expenses that relate to the operation of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance for the past 5 years. This information is derived from the Fund's audited annual financial statements.

Net Asset Value per Unit

	2005	2004	2003	2002	2001 ⁽¹⁾
NAV, beginning of year	\$ 31.01	\$ 30.35	\$ 26.69	\$ 24.65	\$ 23.59
Increase (decrease) from operations:					
Total revenue	2.41	2.67	2.88	2.57	0.83
Total expenses	(0.72)	(0.68)	(0.62)	(0.57)	(0.16)
Realized gains (losses)	6.61	3.27	(0.38)	0.73	0.11
Unrealized gains (losses)	0.03	0.31	3.96	2.02	0.72
Total increase (decrease) from operations	8.33	5.57	5.84	4.75	1.50
Distributions:					
From net investment income	1.69	1.99	2.26	2.00	0.42
From capital gains	0.88	3.16	–	0.50	–
Return of capital	–	–	0.24	–	–
Total annual distributions	2.57	5.15	2.50	2.50	0.42
NAV, end of year	\$ 36.90	\$ 31.01	\$ 30.35	\$ 26.69	\$ 24.65

⁽¹⁾ The Fund commenced operations on September 14, 2001.

Net asset value ("NAV") and cash distributions are based on the actual number of units outstanding at the time. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This schedule is not a reconciliation of NAV since it does not reflect unitholder transactions as shown on the Statement of Changes in Net Assets and accordingly columns may not add.

At the end of 2005, the Fund declared a special unit distribution which is not reflected above. The unit distribution was immediately consolidated into the Fund's previously issued and outstanding units and as a result there was no impact to the net asset value per unit.

Ratios and Supplemental Data

	2005	2004	2003	2002	2001
Net assets (\$ 000's)	\$ 113,021	\$ 110,641	\$ 148,254	\$ 161,407	\$ 210,777
Number of units outstanding	3,063,302	3,568,201	4,885,451	6,046,662	8,550,000
Management expense ratio	2.15%	2.16%	2.17%	2.10%	2.20%
Portfolio turnover ratio	14.27%	2.02%	0.00%	4.92%	14.41%
Trading expense ratio	0.05%	0.06%	0.06%	0.09%	0.12%
Closing market price	\$ 35.50	\$ 30.30	\$ 28.36	\$ 25.89	\$ 23.00

Management expense ratio is based on total expenses for the period and is expressed as an annualized percentage of weekly average net assets during the period.

Portfolio turnover ratio is based on the lesser of cost of purchases or proceeds of disposition and is expressed as a percentage of the monthly average portfolio value.

Trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets during the period.

MANAGEMENT FEES

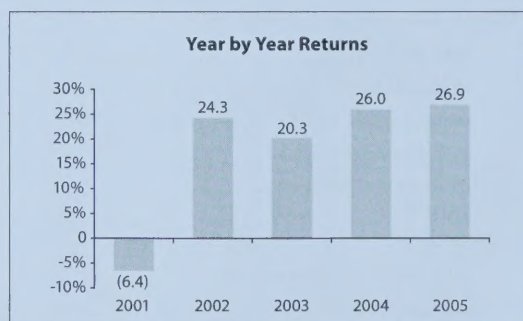
Pursuant to the administrative services agreement, administrative and investment management fees are based upon 1.1% of the average daily net asset value of the Fund, payable in cash monthly in arrears. Bloom Investment Counsel, Inc., as investment manager to the Fund, provides investment management services to the Fund in exchange for its share of the management fee. These fees represent payment for the administrative and investment management services provided to the Fund.

PAST PERFORMANCE

Citadel SMaRT's performance numbers from inception in September 2001 to December 31, 2005 are based upon the Fund's change in market price plus the reinvestment of all distributions in additional units of the Fund. The Fund's historical performance does not necessarily indicate how it will perform in the future.

ANNUAL COMPOUND RETURNS

In the table below are the annual compound returns for the periods ended December 31, 2005 for Citadel SMaRT, based on market price and net asset value with comparison to the S&P/TSX Capped Income Trust Index and the S&P/TSX Capped Energy Trust Index. Historical information for the Energy Index is only available from October 2002.



	1 Year	3 Year	Since inception
Citadel SMaRT (market price)	26.9%	24.4%	20.6%
Citadel SMaRT (net asset value)	28.9%	24.7%	23.4%
S&P/TSX Capped Income Trust Index	31.0%	31.9%	26.7%
S&P/TSX Capped Energy Trust Index	49.4%	41.2%	n/a

SUMMARY OF INVESTMENT PORTFOLIO

The Fund's portfolio as at December 31, 2005 and 2004 consisted of the following subgroups:

	2005	2004
Oil & Gas Royalty Trusts	65.8%	63.4%
Forward Agreement	33.6%	34.7%
Cash and Term Deposits	0.6%	1.9%
Total Investments	100.0%	100.0%

The top holdings as at December 31, 2005 are as follows:

Shiningbank Energy Income Fund	10.0%
ARC Energy Trust	9.6%
Acclaim Energy Trust	8.4%
Vermilion Energy Trust	7.9%
Paramount Energy Trust	7.0%
Enerplus Resources Fund	6.3%

NAL Oil & Gas Trust	5.6%
Petrofund Energy Trust	4.4%
Thunder Energy Trust	3.5%
Viking Energy Royalty Trust	2.2%
Bonavista Energy Trust	0.9%
% of Total Portfolio	65.8%

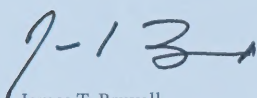
Management's Responsibility Statement

The financial statements of Citadel SMaRT Fund have been prepared by Citadel CPRT Management Ltd. ("CPRT") and approved by the Board of Directors of CPRT. CPRT is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

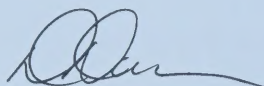
CPRT maintains appropriate procedures to ensure that relevant and reliable financial information is produced. These statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Fund are described in Note 2 to the financial statements.

The Board of Directors of CPRT is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of the independent directors of the Board.

The Audit Committee on behalf of CPRT and its Board of Directors has appointed the external audit firm of PricewaterhouseCoopers LLP. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.



James T. Bruvall
Chief Executive Officer
Citadel CPRT Management Ltd.
April 6, 2006



Darren K. Duncan
Chief Financial Officer
Citadel CPRT Management Ltd.

Auditors' Report to Unitholders

To the Unitholders of Citadel SMaRT Fund

We have audited the statement of net assets and investments of Citadel SMaRT Fund as at December 31, 2005 and 2004, and the statements of operations and changes in net assets for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of management of the Fund's Administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets and investments of the Fund as at December 31, 2005 and 2004 and the results of its operations and the changes in its net assets for the years ended December 31, 2005 and 2004 in accordance with Canadian generally accepted accounting principles.



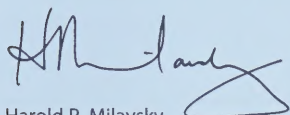
Chartered Accountants
Calgary, Alberta
March 10, 2006

Statement of Net Assets

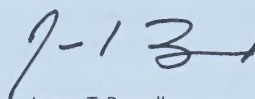
As at December 31,	2005	2004
Assets		
Investments, at market	\$ 112,704,084	\$ 118,015,038
Cash and term deposits	725,552	2,323,907
Revenue receivable	631,824	744,429
Accounts receivable	59,615	19,624
	114,121,075	121,102,998
Liabilities		
Accounts payable and accrued liabilities	242,795	264,404
Distributions payable	857,725	10,197,918
	1,100,520	10,462,322
Net Assets representing Unitholders' Equity	\$ 113,020,555	\$ 110,640,676
Units outstanding (note 3)	3,063,302	3,568,201
Net asset value per unit	\$ 36.90	\$ 31.01

see accompanying notes

Signed on behalf of the Board,



Harold P. Milavsky
Chairman of the Board



James T. Bruvall
Director and Chief Executive Officer

Statement of Operations

Years Ended December 31,	2005	2004
Revenue		
Distribution income	\$ 7,830,950	\$ 10,880,259
Interest income	58,764	93,278
	<u>7,889,714</u>	<u>10,973,537</u>
Expenses		
Administrative and investment manager fees (note 5)	1,291,512	1,517,855
Trailer and service fees (note 6)	761,700	898,112
General and administration costs	145,205	175,672
Directors' fees	83,607	79,410
Reporting costs	26,640	41,774
Audit fees	23,148	22,403
Trustee fees	16,112	14,192
Custodial fees	8,738	16,000
Legal fees	7,995	16,301
	<u>2,364,657</u>	<u>2,781,719</u>
Net investment income	5,525,057	8,191,818
Net realized gain on sale of investments (note 7)	10,114,781	8,073,964
Net realized gain on forward agreement (note 7)	11,538,499	5,386,352
Net change in unrealized gain on investments	9,567,240	3,477,708
Net change in unrealized gain (loss) on forward agreement	(9,469,649)	(2,209,182)
Total results of operations	<u>\$ 27,275,928</u>	<u>\$ 22,920,660</u>
Results of operations per unit ⁽¹⁾		
Net investment income	\$ 1.69	\$ 1.99
Net realized gain on sale of investments	3.09	1.96
Net realized gain on forward agreement	3.52	1.31
Net change in unrealized gain on investments	2.92	0.85
Net change in unrealized gain (loss) on forward agreement	(2.89)	(0.54)
	<u>\$ 8.33</u>	<u>\$ 5.57</u>

⁽¹⁾ Based on the weighted average number of units outstanding.

see accompanying notes

Statement of Changes in Net Assets

Years Ended December 31,	2005	2004
Net Assets – beginning of year	\$ 110,640,676	\$ 148,254,022
Operations:		
Net investment income	5,525,057	8,191,818
Net realized gain on sale of investments	10,114,781	8,073,964
Net realized gain on forward agreement	11,538,499	5,386,352
Net change in unrealized gain on investments	9,567,240	3,477,708
Net change in unrealized gain (loss) on forward agreement	(9,469,649)	(2,209,182)
	27,275,928	22,920,660
Unitholder Transactions:		
Issuance of trust units, net	7,410,527	-
Redemption of trust units	(15,446,416)	(36,313,895)
Repurchase of trust units	(1,054,685)	(4,525,311)
	(9,090,574)	(40,839,206)
Distributions to Unitholders (note 8)		
From net investment income	(5,525,057)	(8,191,818)
From capital gains	(10,280,418)	(11,502,982)
	(15,805,475)	(19,694,800)
Net Assets – end of year	\$ 113,020,555	\$ 110,640,676
Distributions per unit	\$ 4.9871	\$ 5.146

see accompanying notes

Statements of Investments

	December 31, 2005				December 31, 2004			
	Number of Units Held	Cost	Market Value	% of Market	Number of Units Held	Cost	Market Value	% of Market
Oil & Gas Royalty Trusts								
Acclaim Energy Trust	503,000	\$ 5,368,186	\$ 9,531,850		595,254	\$ 6,352,752	\$ 8,571,658	
Advantage Energy Income Fund	-	-	-		250,000	1,875,699	5,502,500	
APF Energy Trust	-	-	-		375,000	3,578,632	4,395,000	
ARC Energy Trust	410,000	4,684,096	10,860,900		700,000	7,997,236	12,530,000	
Bonavista Energy Trust	28,000	549,696	1,066,800		28,000	549,696	758,800	
Enerplus Resources Fund	128,000	3,594,731	7,150,080		200,000	5,616,767	8,720,000	
NAL Oil & Gas Trust	351,000	3,110,307	6,346,080		400,000	3,544,509	5,420,000	
Paramount Energy Trust	356,000	4,515,578	7,892,520		405,000	5,137,104	6,455,700	
Petrofund Energy Trust	241,000	2,258,822	4,938,090		275,000	2,577,494	4,292,750	
Shiningbank Energy Income Fund	390,000	5,003,320	11,368,500		450,000	5,773,061	9,670,500	
Thunder Energy Trust	334,000	4,014,889	4,008,000		-	-	-	
Vermilion Energy Trust	300,000	3,810,750	8,922,000		400,000	5,081,000	8,048,000	
Viking Energy Royalty Trust	275,000	1,685,203	2,530,000		275,000	1,685,203	1,856,250	
		38,595,578	74,614,820	65.8%		49,769,153	76,221,158	63.4%
Forward Agreement (Note 4)		28,289,690	38,089,264	33.6%		22,524,657	41,793,880	34.7%
Investments		66,885,268	112,704,084	99.4%		72,293,810	118,015,038	98.1%
Cash and Term Deposits		725,552	725,552	0.6%		2,323,907	2,323,907	1.9%
Total		\$ 67,610,820	\$ 113,429,636	100.0%		\$ 74,617,717	\$ 120,338,945	100.0%

Notes to the Financial Statements

December 31, 2005 and 2004

1. STRUCTURE OF THE FUND

Citadel SMaRT Fund (the "Fund" or "Citadel SMaRT") is an open-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of July 19, 2001. The Fund commenced operations upon completion of its initial public offering on September 14, 2001. The term of the Fund continues until December 31, 2013 in accordance with the provisions of the Fund's Declaration of Trust.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results may differ from these estimates. The following is a summary of the significant accounting policies.

(a) Cash and cash equivalents

Cash consists of cash on hand and short term bankers' acceptances with maturities of less than 90 days on acquisition.

(b) Valuation of investments

Investments are stated at market values based on closing market quotations. Average cost is used to compute realized and unrealized gains or losses on investments and on the forward agreement. Investment transactions are recorded on the trade date. The Forward Agreement is recorded at its fair value on the valuation date.

(c) Canadian income taxes

The Fund qualified as a unit trust within the meaning of the Income Tax Act (Canada). Provided the Fund distributes to its unitholders its net income for tax purposes, the Fund will not generally be liable for income tax under Part 1 of the Income Tax Act (Canada). As all taxable income was allocated to the unitholders in 2005 or 2004, no provision for income taxes has been made in these financial statements.

(d) Investment income

Dividend income is recorded on the ex-dividend date, interest is recognized as earned and distribution income is recognized on the ex-distribution date. Capital gains and losses are recognized on the trade date.

(e) Financial instruments

The fair values of the Fund's financial instruments which are comprised of cash and term deposits, revenue receivable, accounts receivable, accounts payable and accrued liabilities, redemptions payable and distributions payable approximate their carrying amount due to the short-term maturity of these instruments.

3. UNITHOLDERS' CONTRIBUTION

Authorized

The authorized capital of the Fund consists of an unlimited number of trust units which are transferable redeemable units of beneficial interest.

Issued and outstanding	2005		2004	
	Number	Amount	Number	Amount
Trust units – beginning of year	3,568,201	\$ 61,297,247	4,885,451	\$ 102,136,453
Unit distribution and consolidation	–	7,410,527	–	–
Repurchase of trust units	(504,899)	(16,501,101)	(1,317,250)	(40,839,206)
Trust units – end of year	3,063,302	\$ 52,206,673	3,568,201	\$ 61,297,247

The weighted average number of units outstanding in 2005 was 3,276,010 (2004 – 4,110,376 units). SMaRT declared a special unit distribution of \$2.4191 per unit to unitholders of record on December 31, 2005, which was payable in units of the Fund. The unit distribution was immediately consolidated into the Fund's previously issued and outstanding units.

The Fund has a mandatory repurchase program whereby units offered for sale at a discount to the Fund's net asset value per unit of greater than 5% are repurchased for cancellation, subject to a maximum of 1.25% in each calendar quarter of the total number of units outstanding at the beginning of such quarter. During 2005, Citadel SMaRT repurchased 31,400 trust units at an average cost of \$33.59 per unit (2004 – 124,666 units at an average cost of \$29.99 per unit) under this repurchase program.

Unitholders have the right to redeem their units on each of January 31, April 30, July 31 and October 31. Unitholders who redeem are entitled to a redemption price per unit equal to the Fund's net asset value per unit less \$0.80 per unit. During 2005, a total of 473,499 units were redeemed and cancelled at an average cost of \$32.62 per unit (2004 – 1,166,084 units at an average cost of \$30.51 per unit).

On February 20, 2004 the Fund entered into a normal course issuer bid whereby a total of 448,358 units may be repurchased for cancellation over a period of twelve months. Up to December 31, 2005 the Fund had repurchased no units for cancellation pursuant to this bid (2004 – 26,500 units).

4. FORWARD AGREEMENT

The Fund has entered into Forward Agreements with Merrill Lynch Canada Inc. ("ML") and Bank of Montreal ("BMO") pursuant to which ML and BMO will pay the Fund an amount which equals \$17.50 for each unit currently outstanding (70% of initial capital) on the termination date in exchange for the Fund delivering to ML and BMO the equity securities in a forward portfolio. The securities in the forward portfolio had a cost of \$28.3 million at December 31, 2005 and were comprised of common shares of ATI Technologies (676,518 shares), Cognos Inc. (304,865 shares), Cott Corporation (295,544 shares), and Kinross Gold Corp. (1,195,303 shares).

The securities in the forward portfolio had a cost of \$22.5 million at December 31, 2004 and were comprised of common shares of ATI Technologies Inc. (781,030 shares), Cognos Inc. (304,865 shares), Cott Corporation (171,003 shares), Masonite International Corp. (285,024 shares) and Precision Drilling Corp. (40,491 shares).

Securities in the forward portfolio have been pledged to ML and BMO as security for the obligations of the Fund under the Forward Agreements. The Forward Agreements are each a direct obligation of ML and BMO, respectively, both companies with credit ratings of Moody's – Aa3. The Forward Agreements may be physically or cash settled at the option of the Fund. The Forward Agreements may be settled in whole or in part in respect of any valuation date by the Fund tendering to ML or BMO securities of the forward portfolio at a price equal to the current market value of the Forward Agreements.

5. ADMINISTRATIVE AND INVESTMENT MANAGER FEES/DIRECTORS' FEES

Citadel CPRT Management Ltd. ("CPRT") is the administrator of the Fund and Bloom Investment Counsel, Inc. is the investment manager of the Fund. Pursuant to the administrative services and investment management agreements, administrative and investment management fees are based upon 1.1% of the average daily net asset value of the Fund, payable in cash monthly in arrears. For 2005, the Fund recorded an expense of \$1,291,512 (2004 - \$1,517,855) in respect of administration and investment management fees earned during the year. The administrative services agreement also provides for the reimbursement of certain expenses incurred by the administrator during the performance of its duties. As at December 31, 2005, included in accounts receivable were amounts owed from CPRT of \$59,615 (2004 - \$19,624).

Each year, directors of CPRT are paid a total of \$62,500 in cash as payment for their annual retainers.

6. TRAILER AND SERVICE FEES

Citadel SMaRT pays a trailer fee to investment dealers calculated and payable quarterly in arrears at an annual rate of 0.40% of the net asset value of the Fund held by unitholders in accounts with investment dealers. An annual service fee of approximately 0.43% is payable by the Fund to ML and BMO on the guaranteed value of the Forward Agreements. An additional annual service fee of 0.25% and 0.10% is payable to ML and BMO, respectively, relating to costs incurred by them under the Forward Agreements. During 2005, the Fund recorded an expense of \$439,125 (2004 - \$518,970) relating to trailer fees and \$322,575 (2004 - \$379,142) relating to service fees.

7. INVESTMENTS

The net realized gain on the sale of investments was determined as follows:

	2005	2004
Net proceeds from the sale of securities	\$ 26,096,608	\$ 32,943,745
Less cost of securities sold:		
Investments at cost – beginning of year	49,769,153	71,787,359
Investments purchased during year	4,808,252	2,851,575
Investments at cost – end of year	(38,595,578)	(49,769,153)
Cost of investments disposed of during year	15,981,827	24,869,781
Net realized gain on sale of investments	\$ 10,114,781	\$ 8,073,964

The net realized gain on the sale of forward agreement was determined as follows:

	2005	2004
Proceeds from the sale of securities	\$ 17,694,239	\$ 13,579,799
Less cost of securities sold:		
Investments at cost – beginning of year	22,524,657	30,718,104
Investments purchased during the year	11,920,773	–
Investments at cost – end of year	(28,289,690)	(22,524,657)
Cost of investments disposed of during year	6,155,740	8,193,447
Net realized gain on sale of forward agreement	\$ 11,538,499	\$ 5,386,352

8. DISTRIBUTIONS

The Fund pays out monthly cash distributions for total of \$2.568 per unit in 2005 (2004 - \$5.146 per unit) based upon investment income received by the Fund less estimated expenses. In both 2005 and 2004, the Fund also distributed a portion of its realized capital gains in order to supplement the distributions. In addition, the Fund declared a special unit distribution of \$2.4191 per unit at December 31, 2005 with immediate consolidation of the units such that the number of units remains unchanged. In 2004, a special cash distribution of \$2.65 per unit was also paid to unitholders of record of December 31, 2004 in addition to the regular monthly distributions.

	2005	2004
Net investment income for the year	\$ 5,525,057	\$ 8,191,818
Capital distributed	2,869,891	11,502,982
Cash distributions	8,394,948	19,694,800
Special unit distribution	7,410,527	–
Total distributions	\$ 15,805,475	\$ 19,694,800
Cash distributions per unit	\$ 2.5680	\$ 5.1460
Special unit distribution per unit	2.4191	–
Total distributions per unit	\$ 4.9871	\$ 5.1460

9. LOAN PAYABLE

The Fund maintained a revolving credit facility with a Canadian chartered bank for up to a maximum amount of \$10,000,000 of which no amount was drawn as at December 31, 2005 and 2004. Borrowings are collateralized by a demand debenture in the amount of \$50 million which provides a first floating charge over the Fund's assets, excluding the forward portfolio. The credit facility bears interest at the bank's prime lending rate or at rates slightly below prime if incurred by way of bankers' acceptances. The credit facility was cancelled effective March 31, 2005.

10. BROKER COMMISSIONS

The Fund paid commissions to brokers of \$51,055 in 2005 (2004 – \$72,603) in relation to the purchase and sale of investments.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for 2005.

Corporate Information

Administrators

Citadel Diversified Management Ltd.
Citadel S1 Management Ltd.
Citadel TEF Management Ltd.
Citadel CPRT Management Ltd.
MYDAS Management Inc.
Citadel Multi-Sector Management Inc.
Citadel Series Management Ltd.
Citadel IG Management Ltd.
Equity Lift Management Ltd.
N.A. Energy Management Inc.
Stable Yield Management Inc.
Sustainable PE Management Inc.
Equal Weight Management Ltd.
Suite 3500, 350 - 7th Avenue S.W.
Calgary, Alberta T2P 3N9
Telephone: (403) 261-9674
Toll Free: 1 877 261-9674
Fax: (403) 261-8670
Website: www.citadelfunds.com
Email: info@citadelfunds.com

Directors and Officers

Harold P. Milavsky - Chairman of the Board
Paul L. Waitzer - Director
Doug D. Baldwin - Director
Kent J. MacIntyre - Director
James T. Bruvall - Director and Chief Executive Officer
Darren K. Duncan - Chief Financial Officer

Investment Manager

(CTD.un, SDL.un, CHF.un, CRT.un, MYF.un,
CMS.un, SRC.un, CIF.un and CSR.un)
Bloom Investment Counsel, Inc.
Suite 1710, 150 York Street
Toronto, Ontario M5H 3S5

Investment Manager

(EPF.un and SPU.un)
Galileo Equity Management Inc.
161 Bay Street, Suite 4730
Toronto, Ontario M5J 2S1

Rebalancing Advisor

(IEP.un and EQW.un)
Shaunessy Investment Counsel
Suite 504, 933-17th Avenue S.W.
Calgary, Alberta T2T 5R6

Trustee

Computershare Trust Company of Canada
Sixth Floor
530 - 8th Avenue S.W.
Calgary, Alberta T2P 3S8

Custodian

CIBC Mellon Global Securities Services Company
320 Bay Street, 6th Floor
Toronto, Ontario M5H 4A6

Legal Counsel

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Calgary, Alberta T2P 5C5

Auditors

PricewaterhouseCoopers LLP
3100, 111 - 5th Avenue S.W.
Calgary, Alberta T2P 5L3

Stock Exchange Listings

The Toronto Stock Exchange
Citadel Diversified Investment Trust units: **CTD.un**
Citadel S-1 Income Trust Fund units: **SDL.un**
Citadel HYTES Fund units: **CHF.un**
Citadel SMaRT Fund units: **CRT.un**
MYDAS Fund units: **MYF.un**
Citadel Multi-Sector Income Fund units: **CMS.un**
Series S-1 Income Fund units: **SRC.un**
Citadel Income & Growth Fund units: **CIF.un**
Income & Equity Index Participation Fund units: **IEP.un**
Energy Plus Income Trust units: **EPF.un**
Citadel Stable S-1 Income Fund units: **CSR.un**
Sustainable Production Energy Trust units: **SPU.un**
Equal Weight Plus Fund units: **EQW.un**



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